

**TAVISTOCK TOWN COUNCIL  
BUDGET & POLICY COMMITTEE  
JULY 2021**

**COUNCIL FINANCES**

**1. INTRODUCTION**

1.1 In 2020-21 the Council faced an unprecedented financial challenge caused by the impact of Coronavirus on commercial income streams. This was exacerbated, for this Council in particular, because:

- i. its commercial income (untypically for the sector nationally) significantly exceeds precept income and is normally used to subsidise/provide services to the community;
- ii. the Council was excluded from the main (and broadly generous) grant/relief schemes provided by Government to the principal Council sector;
- iii. of the importance of balancing the needs of the Council to function, with those of supporting the community at large, together with stakeholder groups more specifically.

1.2 Accordingly, the Council was obliged to introduce a broad range of, often challenging, remedial measures. These included, but were not limited to withdrawals and cuts of Council services, deployment of emergency reserves and operating at much reduced staffing levels. Alongside that delivering necessary supporting measures such as financial support to organisations helping the community through the pandemic, working with partners on town safety (such as 'unlocking' the town centre after each 'lockdown'), assistance to stakeholder's dependent on the Council (such as eligible tenants, licensees) etc.

**2. CURRENT POSITION**

2.1 The Committee will have noted from the variances listed on the phased budget report to Council on 1st June which reflected the year end position that the Council has, with considerable effort, been able to meet its savings targets.

2.2 This has principally been due to the:

- Better than expected performance of rental income following the success of the tenant support measures introduced by the Council as previously reported;
- Receipt of some modest government grant funding (but not the extensive measures available to principal authorities);

- The goodwill of WDBC - in particular in financially supporting aspects of the Guildhall project and continuing operation of the Guildhall public conveniences during COVID (thereby saving the Council in year spend in that area);
- Securing an iro £130,000 'Kickstart' award to support the Guildhall project;
- Delays to opening of the Guildhall Project - meaning that the budget set aside to support THT was not drawn upon in-year;
- Operation with a considerable staffing shortfall (iro 25%) and the contribution made by remaining staff, some undertaking the responsibilities of 2 or more jobs, to support the Council.

2.3 Alongside the foregoing, the prudent projections of the Council together with the extent of lockdown (reducing certain operating costs), and rigorous management of budget heads overall meant the savings were made.

2.4 This means that at year end the Council has been able to stabilise its finances sufficiently to replenish the General Reserve now standing at £694,551. This compares with the 'absolute minimum' reserve that *may* be accepted by audit bodies for a Council the size of Tavistock of £383,227. However, that figure is typically intended for Councils of equivalent size who raise the majority of their income via precept (which is legally guaranteed) and is not generally considered adequate for a 'commercial' council which operates more substantially 'at risk'. For Tavistock, and having witnessed how difficult the position can rapidly become, it is suggested that in future the General Reserve be restored to 9 months' eligible income (currently equivalent to £574,840). This represents a figure mid-way between the minimum figure acceptable to audit - £383,227 and the maximum recommended by audit - £766,454 for a Council of Tavistock's size and is supported by your Accountant.

2.5 It is also suggested that Council take the opportunity to reinstate the replacement of the Burial Ground reserve (£50,000) which was cut in-year to address the impacts of the pandemic. This budget head has been reduced in recent years (to meet discretionary spend in areas such as the Pannier Market and Butchers Hall) from in excess of £200,000 and is in much need of re-building if the Council wishes to continue to provide facilities for the burial of residents of the town. The Council can then consider how it wishes to further develop this reserve when it comes to look at capital reserves in the Autumn.

- 2.6 There is one other area where Council agreement is sought. The Property Maintenance and Grounds Maintenance budgets 'underspent' in 2020-21, albeit notwithstanding being fully committed. That arose because due to both pandemic and capacity, projects did not complete (or even start in some cases). These included matters such as Town Hall roof, public realm additional costs, plus resin bonding in the vicinity of the Guildhall toilets etc. It is therefore requested that, in the exceptional circumstances pertaining, Council agree to rolling these budgets forward into the 2021-22 financial year under the same cost heads. Whilst this is not normally favoured practice the extant commitments strongly mitigate in favour on this occasion - their combined value is £70,668.
- 2.7 The foregoing measures, if adopted, thereby enable the Council to stabilise the revenue position as at past year end and turn its focus to the capital position and those matters which require mitigation by way of adequate capital reserves. For Tavistock, as a sizeable landowner of buildings, infrastructure assets and land these could include significant maintenance/repairs, upgrading of premises, property disputes, the kind of major economic regeneration schemes the Council has delivered in the Town over recent years, emergency action and meeting statutory responsibilities.
- 2.8 To take the last two examples alone the Council is aware of the potential that stabilisation works may become needed on Market Road and of the possibility that significant restoration works may be needed to Betsy Grimbal's Tower, a highly protected heritage asset. These examples are cited because in both these cases other statutory authorities have the power to compel works in certain circumstances (ie the landowner does not necessarily have a choice). Unless/until the necessary detailed survey works have been conducted a reasonable provisional sum to earmark would likely be in the order of £300,000. More generally and somewhat more in the 'discretionary' arena, there is work anticipated to the Museum, Court Gate, Guildhall Public Conveniences etc still to be budgeted for.
- 2.9 Hence the previous commitment by Council to urgently (once the emergency/general reserve was safe) replenish capital reserves in order to protect public finances, and the ratepayer to the agreed level of £500,000 so as to be able to cope with any pressing call on resources in relation to the Council estate.

### **3. CONCLUSION**

- 3.1 The strenuous and challenging measures undertaken to enable the Council to survive the pandemic over the course of the last financial year proved successful and sufficient to avert financial

failure in-year. Also they have provided welcome additional support over the projected position.

- 3.2 However, as indicated whilst the Council therefore finds itself 2 years 'ahead' of where it would originally have expected to be on its previously agreed 5-year pandemic recovery plan it is important not to lose sight that still leaves the organisation another three years to return to 'safe' operating parameters.
- 3.3 Moreover, like many individuals and businesses there will be a continuing legacy of Coronavirus that is not readily predictable. This might include, but is not limited to:
  - i. The extent to which Council commercial rental market holds up post coronavirus and the continuing impact of changing shopping habits, including 'out of town' and 'on-line' as well as other commercial income streams;
  - ii. The resilience of the Council's market offer;
  - iii. Ability to recruit and retain suitable staff in (what is currently – impacted both by pandemic and Brexit) an increasingly tight and potentially inflationary labour market - linking to that, but discrete from it, organisational capacity to deliver.
  - iv. Mitigating the ongoing effect of public health requirements into the current financial year on commercial income streams;
  - v. The extent to which some savings can be sustained this year as balanced against the need to time remobilisation to link in to 're-opening' post Coronavirus.

#### **4. RECOMMENDATION**

That, to provide a safer and more sustainable basis for future operations, Tavistock Town Council:

- a) Endorse the adoption of a minimum General Reserve equating to nine months' income in the interests of prudent financial management;
- b) Replenish the 2020 emergency drawing from the Burial Ground Earmarked Reserve in the sum of £50,000 so as to provide a basis for continuing commitment to opportunity for the community to be interred locally;
- c) Agree that, in view of positive progress in connection with the General Reserve, and to provide a safe basis to manage its historic property and estate management responsibilities, the replenishment of the Councils capital reserves to acceptable levels (£500,000) now be rescheduled from achievement by financial year 2025/6 to financial year 2023-24 including funding at each year end from any underspending budget heads;

- d) Endorse the carry-forward of residual underspends in the Property Maintenance and Grounds Maintenance Budgets from the 2020-21 financial year to the 2021-22 financial year to enable outstanding and upcoming commitments to be met.

4.1 The instructions of the Committee and Council are sought.

**CARL HEARN**  
**TOWN CLERK**  
**JUNE 2021**